THE IMPACT OF AUTOMOBILE THEFT TRENDS ON AUTO INSURANCE RATES

Report to:
Michigan State Senate Finance, Insurance and Consumer Protection Committee, and
Michigan House of Representatives, Standing Committee on Insurance and Financial Services

Prepared by:
Michigan's Automobile Theft Prevention Authority

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PURPOSE AND SCOPE OF THE REPORT

This report was developed pursuant to the mandate set forth in the Insurance Code of 1956, 1956 PA 218, MCL 500.6101 et seq., which provides in MCL 500.6111:

> "By July of every odd-numbered year, the automobile theft prevention authority shall prepare a report that details the theft of automobiles occurring in this state for the previous 2 years, assesses the impact of the thefts on rates charged for automobile insurance, summarizes prevention programs, and outlines allocations made by the authority. The director of the department of state police, insurers, and the commissioner shall cooperate in the development of the report as requested by the automobile theft prevention authority and shall make available records and statistics concerning automobile thefts, including the number of automobile thefts, number of prosecutions and convictions involving automobile thefts, and automobile theft recidivism. The automobile theft prevention authority shall evaluate the impact automobile theft has on the citizens of this state and the costs incurred by the citizens through insurance, police enforcement, prosecution, and incarceration due to automobile thefts. The report required by this section shall be submitted to the Senate and House of Representatives standing committees on insurance issues and the commissioner."

This report addresses the period of 2021 to 2023, comparing automobile theft crime trends both nationally and in Michigan. ATPA-specific data will highlight the time frame through 2023. Data pulled from outside sources may reference alternate dates to provide a broader perspective. The report also includes a summary of the major components of Michigan's comprehensive and cooperative effort against automobile theft.

Data was obtained from the Michigan State Police, Michigan Department of Insurance and Financial Services, and the Michigan Department of State (which administers the titling of vehicles). National and other state automobile theft data were obtained from Federal Bureau of Investigation (FBI) publications.

INTRODUCTION AND BACKGROUND

In 1985, Michigan's automobile theft rate was the second highest in the nation. Residents demanded that the government focus its resources on combating this serious problem. In response, Michigan's Legislature temporarily created the ATPA in Public Act 10 of 1986. The ATPA was originally funded by an annual $1 assessment on each insured private passenger vehicle, with an additional $1 assessment on each commercial vehicle added in 2017, and interest earned by investing those funds. The ATPA assessment (over $7 million annually) is collected by insurance companies through their normal premiums and sent to the ATPA once each year. As a result of the program's success, it was given permanent status by Public Act 174 of 1992. Michigan's ATPA program was the first in the nation and has since been duplicated in at least 12 other states.

The ATPA funds programs that focus on all aspects of automobile theft. Nonprofit groups demonstrate automobile theft prevention techniques to residents and assist police in identifying locations of thieves and "chop shops." Law enforcement teams specifically focus on the investigation and apprehension of automobile thieves. Prosecutors concentrate on the intricacies of automobile theft cases and demonstrate to judges and juries the seriousness of these crimes. Without ATPA funding, automobile theft would likely be a lower priority crime and considered to be mainly an insurance industry issue.

The Michigan Department of State has also implemented programs that have successfully closed loopholes in the salvage vehicle title area and monitored the use of stolen parts by automotive repair facilities. Automobile manufacturers have assisted in decreasing automobile theft through advancements in technology. Many vehicle owners have taken advantage of technology to keep their vehicles safe, including the use of alarms, kill switches, electronic tracking systems, and steering wheel locks.

MICHIGAN'S MOTOR VEHICLE THEFT EXPERIENCE

NUMBER OF THEFTS

From 1986 to 2023, automobile theft incidents in Michigan decreased by 60.6 percent. The FBI's Uniform Crime Report (UCR) for 2023 indicates that nationwide, auto thefts have decreased 15.9 percent since 1986, as shown in Table 1.

TABLE 1
VEHICLE THEFT INCIDENTS NATIONALLY AND IN MICHIGAN 1986-2023

	NATIONWIDE		MICHIGAN	
Year	**Number of Thefts**	**% Change**	**Number of Thefts**	**% Change**
1986	1,224,137	N/A	72,021	N/A
1987	1,288,674	5.3	68,415	-5.0
1989	1,564,800	21.4	65,297	-4.6
1991	1,661,738	6.2	62,636	-4.1
1993	1,561,047	-6.1	56,670	-9.5
1995	1,472,732	-5.7	57,895	2.2
1997	1,353,707	-8.1	59,826	3.3
1999	1,147,305	-5.2	54,018	-9.7
2001	1,226,457	6.9	52,310	-3.2
2003	1,260,471	2.8	53,307	1.9
2005	1,235,226	-2.0	48,064	-9.8
2007	1,095,769	-11.3	41,510	-16.5
2009	794,616	-27.5	29,647	-28.6
2011	715,373	-10.0	25,048	-15.5
2013	699,594	-2.2	24,369	-2.7
2015	707,758	1.2	18,795	-22.9
2017	773,139	9.2	19,426	3.4
2019	721,885	-6.6	17,709	-8.8
2021	932,329	29.1	21,909	23.7
2023	1,029,555	10.4	28,408	29.6
	Percent Change	**-15.9**		**-60.6**

Source: FBI and Michigan UCR 1986-2023

VEHICLES FREQUENTLY STOLEN BY MAKE AND MODEL

The National Insurance Crime Bureau (NICB) identified all vehicles reported stolen in Michigan during 2023 and compiled a list of the most frequently stolen automobiles by make and model:

MICHIGAN TOP TEN STOLEN CARS - 2023
1. 2021 Jeep Grand Cherokee
2. 2021 Dodge Durango
3. 2020 Jeep Grand Cherokee
4. 2023 Dodge Durango
5. 2023 Jeep Grand Cherokee
6. 2019 Jeep Grand Cherokee
7. 2022 Ram 1500 Pickup (Full Size)
8. 2022 Dodge Durango
9. 2023 Ford F150 Pickup (Full Size)
10. 2021 Ram 1500 Pickup (Full Size)

Source: NICB

According to a study conducted by the NICB, when new, a car that is popular with thieves will remain a theft target for approximately six years.

The NICB theorizes:

1) As a model line ages, its parts become more valuable if the model is not significantly redesigned.
2) It appears to take thieves three years to fully solve the manufacturer's theft deterrent systems.
3) Owners of older cars are less vigilant about installing aftermarket anti-theft devices and/or locking the vehicle.

VEHICLE THEFT ARRESTS

The number of subjects arrested for motor vehicle theft-related crimes in 2023 was up 44.3 percent from 2021, as shown in Table 2. Other trends from 2019 through 2023 include:

1) Adult arrests represent 73.8 percent of the total arrests.
2) Juvenile arrests represent 26.2 percent of the total arrests.
3) Adult male arrests represent 58.1 percent of the total arrests.
4) Juvenile male arrests represent 23.9 percent of the total arrests.

TABLE 2

VEHICLE THEFT ARRESTS 2019-2023

	2019	2021	% Change 2019-2021	2023	% Change 2021-2023
Total Arrests	**1,258**	**1,263**	**0.4**	**1,823**	**44.3**
Male	**981**	**1,008**	**2.8**	**1,495**	**48.3**
% Total	78.0	79.8	2.3	82.0	2.8
Female	**277**	**255**	**-7.9**	**328**	**28.6**
% Total	22.0	20.2	-8.2	18.0	-10.9
Adult	**979**	**1,042**	**6.4**	**1,345**	**29.1**
% Total	77.8	82.5	6.0	73.8	-10.5
Juvenile (under 17)	**279**	**221**	**-20.8**	**478**	**116.3**
% Total	22.2	17.5	-21.2	26.2	49.7
Male Adult	**770**	**820**	**6.5**	**1,060**	**29.3**
% Total	61.2	64.9	6.0	58.1	-10.5
Female Adult	**209**	**222**	**6.2**	**285**	**28.4**
% Total	16.6	17.6	6.0	15.6	-11.4
Male Juvenile	**211**	**188**	**-10.9**	**435**	**131.4**
% Total	16.8	14.9	-11.3	23.9	60.4
Female Juvenile	**68**	**33**	**-51.5**	**43**	**30.3**
% Total	5.4	2.6	-51.8	2.4	-7.7

Source: Michigan UCR 2019-2023

AUTOMOBILE THEFT PREVENTION AUTHORITY

The ATPA provides financial support to non-profit organizations, as well as law enforcement agencies and county prosecutors that show potential for fulfilling the ATPA's mission of reducing automobile theft.

LAW ENFORCEMENT

The ATPA has historically committed over 80 percent of its funds to supporting law enforcement teams in high theft areas and this remains consistent through 2023. As shown in Table 3, these specially trained automobile theft teams have been very productive. The numbers show that placing officers in the field to focus on automobile theft is one of the more efficient methods of reducing auto-related crimes.

TABLE 3
LAW ENFORCEMENT ACTIVITY

Year	Arrests	Recovery Incidents	$ Value Recovered
1989-2007	48,348	60,242	$545,798,445
2008	2,256	4,689	39,541,465
2009	2,583	5,091	39,316,557
2010	2,311	4,133	28,370,280
2011	2,281	4,628	27,508,471
2012	2,701	4,196	34,246,620
2013	1,996	4,527	33,278,814
2014	1,976	4,178	36,444,712
2015	2,012	5,350	41,299,501
2016	1,819	3,614	37,671,815
2017	1,686	3,389	41,368,371
2018	1,489	2,775	39,942,826
2019	1,587	3,247	47,160,520
2020	1,466	3,228	44,850,448
2021	1,486	3,429	63,925,801
2022	1,341	3,030	58,079,595
2023	1,419	3,239	66,712,041
Totals	**78,757**	**122,985**	**$1,225,516,282**

Source: ATPA Reports 1989-2023

PROSECUTION

To provide maximum attention to automobile thieves, the ATPA funds assistant prosecutors in four counties that have serious automobile theft problems. These specially trained assistant prosecutors handle cases through both district and circuit court systems, prosecute thieves, and seek the maximum sentence length on all convictions. As shown in Table 4, from 1992 through 2023, these prosecutors achieved a conviction rate of 81 percent for all auto-theft related cases that went to trial, with 47 percent of subjects sentenced to incarceration. Those who avoided jail time were placed on probation, fined, or required to make restitution to the rightful owner.

TABLE 4

PROSECUTION ACTIVITY

Year	Warrants Issued	Guilty Pleas	Trials	Trial Convictions	Jail Sentence	Probation Sentence
1992-2007	35,323	24,270	1,322	1,139	11,791	12,376
2008	3,238	2,207	40	31	1,007	1,182
2009	2,419	2,025	17	15	911	1,519
2010	2,650	2,189	8	7	624	1,031
2011	2,737	2,279	13	9	861	1,140
2012	2,521	1,656	27	21	1,279	735
2013	2,421	2,050	66	47	914	863
2014	2,327	1,372	62	36	815	921
2015	2,185	1,173	61	45	602	836
2016	2,001	1,122	39	21	498	824
2017	1,861	1,000	22	10	451	735
2018	1,848	876	30	20	363	772
2019	2,081	771	28	17	388	744
2020	1,589	434	6	5	202	421
2021	1,605	300	0	0	121	359
2022	1,350	588	2	1	146	463
2023	1,135	574	8	3	103	255
Totals	69,291	44,886	1,751	1,427	21,076	25,176

Source: ATPA Reports 1992-2023

PREVENTION

As important as law enforcement officers and assistant prosecutors are in combating automobile theft, comprehensive efforts in reducing automobile theft must include the prevention and education activities of nonprofit organizations. Historically, the ATPA has expended approximately two percent of its grant monies on nonprofit organizations. These organizations have provided valuable “street” information to law enforcement teams, which has led to many arrests and vehicle recoveries.

Also, these organizations distribute flyers and newsletters regarding automobile theft prevention, organize neighborhood watch or citizens band radio patrol programs, and hold community meetings to teach residents how to prevent automobile theft. They also etch vehicle identification numbers (VIN) onto the glass of residents’ vehicles. These activities increase neighborhood awareness of automobile theft and advertise automobile theft tip hotlines, which provide a pipeline of valuable information to law enforcement teams.

INSURANCE FRAUD

Insurance fraud includes:

1) Vehicle owners who dispose of their vehicle and report it as stolen.
2) Vehicle owners who do not have collision coverage and report the vehicle stolen or carjacked after they have an accident.
3) Vehicle owners who insure non-existent vehicles before reporting them stolen.
4) Vehicle owners who purchase fake insurance certificates.
5) Tow truck drivers who take vehicles from the street without law enforcement authorization to collect storage fees from insurance companies.
6) Body repair shops that submit bills for repairs that were not needed or for damages they created.
7) Vehicle owners who participate in staged accidents.
8) Vehicle owners who report their vehicle damaged by an unknown vehicle while it was parked.
9) Vehicle owners who fail to report their vehicle parked in a high theft area at the time of the theft.
10) Vehicle owners who claim fraudulent medical expenses after an accident.

Since the scope of insurance fraud activities is vast, the ATPA focuses on the first three types of insurance fraud cases. Reacting to scenarios in which vehicles are stolen is the ATPA’s legislative mandate and the ATPA fully utilizes available resources.

ANTI-THEFT DEVICES

Public Act 10 of 1986 charged the ATPA with the responsibility of approving automobile theft prevention devices. At that time, the ATPA addressed devices in broad general terms so it would not be responsible for authoring a revision each time a new device was introduced to the market.

In 1987, the ATPA approved and implemented standards for automobile theft prevention devices and in 1993 the ATPA approved and implemented new standards. Installation of these devices qualify the insured for a reduction in the automobile's comprehension insurance premium as determined by the insurance company. A copy of these standards appears in Appendix II.

Table 5 shows the discounts on comprehensive insurance premiums offered by major insurers.

TABLE 5

ANTI-THEFT DEVICE DISCOUNTS OFFERED BY SIX MAJOR MICHIGAN INSURERS

Company	Device	Discount
Allstate Insurance Group	• All devices	Up to 5%
Auto Club Group	• Encoded or passkey device • Passive or passkey • Active device or VIN etching	12% to 17% 5% 3% to 5%
Auto-Owners	• Passive device • Active device and VIN etching • Active device/VIN etching/alarm	10% 10% 5%
Citizens/Hanover	• Tele-Trac device • Lo-Jack retrieve and Lo-Jack prevent • Passive device/VIN etching/alarm	1% 1% 1%
Farmers Group	• All devices	0%
State Farm Mutual	• Passive device • Active device and VIN etching • Active device/VIN etching/alarm	10% 10% 5%

Source: Department of Insurance and Financial Services, Company Data

MICHIGAN DEPARTMENT OF STATE

The Michigan Department of State (MDOS) is responsible for the oversight, licensing, registering, certifying, and regulation of vehicle dealers, vehicle repair facilities, vehicle mechanics, driver education providers and testing businesses, and Michigan Rider Education Program sponsors. Regulation activities include conducting inspections and investigating consumer complaints against regulated entities.

OFFICE OF INVESTIGATIVE SERVICES

The MDOS established the Office of Investigative Services (OIS) to improve efficiencies in the areas of internal/external fraud reduction, regulatory compliance regarding businesses licensed and regulated by MDOS, and consumer protection.

OIS consists of three divisions aligned under the OIS Director that work collaboratively to improve the overall efficiency and effectiveness of each area. The three divisions within OIS include the Business Compliance and Regulation Division, the Enforcement Division, and the Regulatory Monitoring Division.

ADMINISTRATIVE OVERSIGHT

The **Business Compliance and Regulation Division** is responsible for regulatory oversight of vehicle dealers, repair facilities, mechanics, salvage vehicle inspectors, and driver education providers and testing businesses with the objective of ensuring compliance with the Michigan Vehicle Code (MVC), the Motor Vehicle Service and Repair Act (MVSRA), and the Driver Education Provider and Instructor Act (DEPIA). Located within the division are:

- The Business Regulation Section analyzes violations issued by the RMD and makes determinations for appropriate sanctions against vehicle dealers, repair facilities and mechanics in compliance with the MVC and the MVSRA. This section also provides compliance training to dealers and repair facilities and oversees the Salvage Vehicle Inspector Program.

- The Business Licensing Section handles all licensing, certification, and registration functions for vehicle dealer licenses, repair facility registrations, and mechanics as outlined in the MVC and the MVSRA.

- The Driver Education and Testing Section (DETS) manages the certification process for driver education providers and instructors, third party driver testing business agreements, and the basic driver improvement course. The DETS provides training to instructors and testing businesses, conducts complaint investigations and compliance inspections, and issues formal administrative actions against certificate holders in violation of the DEPIA or the MVC.

The **Enforcement Division** consists of the Special Investigations Section (SIS), the Branch Review and Special Programs Section, the Security Section, the Insurance Fraud Prevention Unit, and the Investigative Analytics Section.

The primary role of the SIS is to investigate fraud, crimes against persons and crimes against property within MDOS program areas. The SIS receives complaints from a variety of sources, including the general public, through the fraud tip line and email complaints; other areas of the MDOS; other State, Federal, and local agencies; and law enforcement agencies. Each complaint is investigated to make a determination of fraud or wrongdoing. After investigation, SIS turns the complaints that contain potential criminal allegations over to a law enforcement agency which in turn seeks a warrant on behalf of the SIS through a local or state prosecutor's office. In addition, the SIS is committed to ensuring the integrity of department records. All investigations include record updates when necessary.

The **Regulatory Monitoring Division** (RMD) is responsible for conducting records and inventory inspections, consumer complaint investigations, and other investigations involving dealers, repair facilities, and mechanics. RMD investigators frequently assist law enforcement agencies with inspections at locations where a licensee is suspected of possessing stolen vehicles or stolen parts.

The RMD continues to participate in a joint venture with the ATPA through an assignment of an RMD regulation agent to the Metro Detroit Auto Recovery Team (MDART). The position is funded 50 percent by the ATPA and 50 percent by the state of Michigan. The partnership began in January 2025 as a two-year venture, renewable by the grant. This partnership provides RMD regulation agents an opportunity for additional training related to law enforcement activities and provides ATPA-funded auto theft teams an opportunity to take advantage of the RMD regulation agents' knowledge of the operations of unlicensed and licensed repair facilities, mechanics, and vehicle dealerships. Since beginning the partnership, the venture has led to numerous criminal investigations.

MICHIGAN DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

One of the primary reasons for the creation of the ATPA was that automobile theft was driving up the cost of automobile insurance. Premiums for comprehensive coverage, which is the portion of an automobile insurance policy that pays for the theft of stolen vehicles, were climbing steadily. Since the creation of the ATPA, premiums charged by automobile insurers for comprehensive coverage have, in general, reflected the decrease in automobile theft rates.

Table 6 shows the most current data based on written premiums as reported by insurance companies. The data reflects a likely premium paid by a Michigan policyholder. The premium includes both the average comprehensive premium and the combined average premium. (Note that this premium data is based strictly on the total reported premium and not on any particular location, vehicle, or driver characteristics.)

TABLE 6

COMPREHENSIVE PREMIUM AS PERCENT OF COMBINED AVERAGE PREMIUM

	Combined Average Premium		Average Comprehensive Premium		Average Comprehensive Premium % of Combined Average Premium	
	2020	2021	2020	2021	2020	2021
Michigan	$1,535.56	$1,419.70	$168.92	$174.10	11.0%	12.3%
National	$1,176.80	$1,189.65	$174.46	$179.91	14.8%	15.1%

Source: National Association of Insurance Commissioners, 2020-2021

When looking at comprehensive insurance rates in relation to automobile theft, one should keep in mind that the portion of the comprehensive premium attributable to theft varies from company to company. This variation stems from an insurer's marketing strategy and experience which, at least in part, results from the areas of the state in which a majority of its policyholders are located. For example, those companies with a large number of policyholders in northern Michigan would likely experience fewer total losses from theft and more losses resulting from car/deer accidents than those with more policyholders in urban areas.

Table 7 presents ratios of the top insurance companies in Michigan.

TABLE 7

COMPANY RATIOS OF AUTO THEFT CLAIMS IN MICHIGAN TO TOTAL COMPREHENSIVE CLAIMS

Year	Auto Theft Claims	Comprehensive Claims	Year	Auto Theft Claims	Comprehensive Claims
Allstate			**Citizens/Hanover**		
2013	3.9%	24.8%	2013	3.0%	8.1%
2015	1.5%	18.5%	2015	3.2%	9.6%
2017	See Note Below		2017	1.0%	7.7%
2019	2.6%	18.2%	2019	1.1%	7.9%
2021	2.0%	16.1%	2021	1.5%	10.1%
2023	3.5%	17.6%	2023	1.5%	10.9%
Auto Club			**Farmers Insurance**		
2013	1.9%	19.1%	2013	3.0%	21.4%
2015	1.4%	13.9%	2015	1.3%	8.3%
2017	1.2%	13.0%	2017	0.8%	4.9%
2019	1.3%	13.0%	2019	0.7%	2.4%
2021	1.9%	19.2%	2021	.9%	7.9%
2023	2.4%	17.1%	2023	1.0%	5.7%
Auto-Owners			**State Farm**		
2013	3.7%	10.8%	2013	2.0%	14.1%
2015	0.7%	5.1%	2015	1.2%	9.3%
2017	0.8%	3.3%	2017	1.4%	8.9%
2019	0.6%	0.9%	2019	1.0%	6.6%
2021	1.4%	1.8%	2021	1.2%	9.9%
2023	1.0%	1.2%	2023	1.4%	9.3%

Source: Department of Insurance and Financial Services, Company Data
Note: No data received from Allstate for 2017.

Table 8 ranks the states with the highest average cost of comprehensive premiums. The average comprehensive premium amount is calculated by dividing the total amount of comprehensive premiums written by the total number of vehicles insured in the state. The most recent calculation shows Michigan dropped from fifth place in 1987 to out of the top 25 in 2021.

TABLE 8

STATES WITH THE HIGHEST AVERAGE COMPREHENSIVE PREMIUMS 2019-2021

State	Average Comprehensive Premium		% Change
	2019	2021	2019-2021
South Dakota	$347.61	$371.40	6.84%
Wyoming	$335.04	$364.43	8.77%
Colorado	$298.01	$326.23	9.47%
Montana	$313.27	$313.84	0.18%
Kansas	$286.48	$293.69	2.52%
Texas	$285.56	$291.05	1.92%
Nebraska	$269.19	$281.64	4.62%
Oklahoma	$270.19	$275.15	1.84%
Louisiana	$252.34	$256.58	1.68%
Mississippi	$238.95	$251.78	5.37%
North Dakota	$264.98	$249.47	-5.85%
Arkansas	$240.54	$248.43	3.28%
Iowa	$221.72	$241.11	8.75%
Missouri	$223.94	$232.61	3.87%
West Virginia	$225.50	$229.63	1.83%
Minnesota	$214.55	$226.31	5.48%
District of Columbia	$221.94	$224.79	1.28%
Arizona	$208.38	$219.23	5.21%
South Carolina	$211.29	$219.16	3.72%
New Mexico	$222.43	$214.96	-3.36%
Alabama	$180.11	$188.13	4.45%
New York	$180.37	$187.69	4.06%
Georgia	$172.85	$186.47	7.88%
Tennessee	$168.32	$177.96	5.73%
Pennsylvania	$170.81	$177.77	4.07%
National Average 50 States	**$171.87**	**$179.71**	**4.56%**

Source: National Association of Insurance Commissioners

UPDATED TECHNOLOGY

Since 1986, several innovations have provided additional protection or theft deterrence to automobile owners. Manufacturers have strengthened door locks and locking mechanisms, and redesigned and reinforced steering wheel columns and ignition systems making them more difficult to defeat. Microcomputer chips have been added to ignition keys so a vehicle will not start unless its computer reads a unique electronic code on the key. Many new vehicles cannot be stolen without the original key or fob.

Many aftermarket automobile theft prevention devices have also been successfully promoted, including steering wheel locks, metal column wraps, alarms, kill switches, and electronic tracking devices. Tracking devices can either provide law enforcement with the exact location of the vehicle or allow law enforcement to find the vehicle with a homing device. In these cases, the vehicle is usually recovered within a matter of hours. Side window glass can also be strengthened with a clear film, which prevents the glass from disintegrating into pellets when hit with a hard object.

The federal government now requires that manufacturers of high-theft vehicles place a tag with the VIN on 13 major component parts of the vehicle. The tags are usually white glued to the parts. Thieves attempting to remove or replace the VIN tags with computer-generated tags are hampered by special tear-away glues, logos hidden in the tags, and chemical footprints left behind if the tag is removed.

The Automated Fingerprint Identification System (AFIS) has also assisted in the identification of automobile thieves. Prior to this system being implemented, automobile theft investigators would dust a recovered vehicle for prints but if the prints were not manually matched with a known local suspect, investigators were not able to follow up on the lead. With AFIS, investigators can now access a statewide computer database of fingerprints and have a better chance of identifying suspects.

Advances in deoxyribonucleic acid (DNA) technology have given law enforcement another means of positively identifying thieves. Agencies have successfully taken DNA swabs off the steering wheel or from food left in the vehicle to help identify potential suspects.

FACTORS THAT AFFECT STATE AVERAGE EXPENDITURES AND AVERAGE PREMIUMS

Many factors affect the state-to-state differences in average expenditures and premiums for automobile insurance. Some important factors include:

- Underwriting and loss adjustment expense
- Types of coverage purchased
- Relative amounts of coverage purchased
- Driving locations
- Accident rates
- Traffic density
- Auto-theft rates
- Auto repair costs
- Population density
- Medical and legal costs
- Per capita disposable income
- Rate and form filing laws
- Liability insurance requirements
- Auto laws (e.g., seat belt, speed limits, etc.)

Insurance rates are developed primarily based on the insurer's cost of paying claims. Certain broad characteristics of a state contribute to the frequency and severity of automobile claims and insurer loss costs in that state. Many of these cost factors can influence insurance prices not only between states, but also between communities and neighborhoods, making a price comparison between states and within a state incredibly complicated.

It is reasonable to consider that the general economic conditions in a state may affect the price of automobile insurance but no direct measure of this characteristic exists. However, there are measurable variables that can be used as imperfect substitutes for these general economic conditions to approximate their influence on automobile insurance prices.

Any time a factor of averages is used for comparison, it is best to recall how an average comprehensive premium is compiled. All insurers, regardless of their market share, are added together and the sum divided by the number of insurers. This process places insurers who are not competitively priced and only hold a small fraction of the market on an equal footing with companies who are lower priced and increasing their already substantial market share.

Source: National Association of Insurance Commissioners

APPENDICES

APPENDIX I

TOTAL COMPREHENSIVE (COMP.) FOR SIX MAJOR COMPANIES 2013-2023

Year	Comp. Claims	Theft Claims	Ratio	Total Comp. Claims Paid $1,000	Total Theft Claims Paid $1,000	Ratio	Average Theft Claim $ Paid
Allstate Insurance Group							
2013	34,649	1,341	3.9%	26,011	6,458	24.8%	4,816
2015	31,196	470	1.5%	25,517	4,725	18.5%	10,053
2017	See Note Below						
2019	55,712	1,432	2.6%	77,379	14,096	18.2%	9,844
2021	52,841	1,057	2.0%	91,032	14,673	16.1%	13,882
2023	28,779	1,006	3.5%	59,969	9,534	17.6%	9,478
Auto Club Group							
2013	54,618	1,059	1.9%	52,676	10,053	19.1%	9,494
2015	45,742	617	1.4%	46,688	6,485	13.9%	10,511
2017	83,675	1,013	1.2%	95,879	12,680	13.2%	12,518
2019	71,006	905	1.3%	105,658	14,080	13.3%	15,557
2021	59,226	1,171	1.9%	128,012	24,554	19.2%	20,969
2023	39,611	944	2.4%	103,227	17,641	17.1%	18,688
Auto-Owners Insurance Group							
2013	12,143	446	3.7%	35,057	3,785	10.8%	8,489
2015	46,776	337	0.7%	51,402	2,640	5.1%	7,833
2017	98,299	753	0.8%	196,118	6,429	3.3%	8,538
2019	111,947	577	0.6%	161,555	1,376	0.9%	2,386
2021	119,567	1,641	1.4%	223,098	3,941	1.8%	2,402
2023	64,943	588	0.9%	142,909	1,687	1.2%	2,869
Citizens/Hanover Insurance Group							
2013	8,675	273	3.2%	23,413	2,236	9.6%	8,193
2015	6,427	158	2.5%	19,015	1,399	7.4%	8,854
2017	51,925	537	1.0%	57,579	4,429	7.7%	8,248
2019	57,005	610	1.1%	78,585	6,190	7.9%	10,148
2021	66,790	1,025	1.5%	123,904	12,490	10.1%	12,186
2023	39,720	580	1.5%	79,544	8,634	10.9%	14,866
Farmers Insurance Group							
2013	7715	229	3.0%	8,607	1,844	21.4%	8,052
2015	6,261	83	1.3%	6,405	532	8.3%	6,407
2017	6,782	56	0.8%	7,857	384	4.9%	6,865
2019	6,894	46	0.7%	9,019	256	2.8%	5,565
2021	5,395	38	0.7%	4,256	332	7.8%	8,738
2023	7,045	70	1.0%	13,961	797	5.7%	11,396
State Farm Mutual Insurance Company							
2013	62,400	1,252	2.0%	92,772	13,081	14.1%	10,449
2015	59,509	726	1.2%	91,599	8,508	9.3%	11,719
2017	59,494	843	1.4%	104,772	9,362	8.9%	11,105
2019	130,370	1,259	1.0%	255,999	16,952	6.6%	13,465
2021	160,087	1,941	1.2%	422,425	41,692	9.9%	21,480
2023	93,224	1,329	1.4%	244,168	18,014	9.3%	20,386

Source: Department of Insurance and Financial Services, Company Data
Note: No data received from Allstate for 2017.

APPENDIX II

STANDARDS FOR AUTOMOBILE THEFT PREVENTION AND RECOVERY DEVICES
Approved by The Michigan Automobile Theft Prevention Authority, June 22, 1994

Effective January 1, 1995

The following automobile theft prevention and recovery devices have been approved by the Automobile Theft Prevention Authority (ATPA), in accordance with Act 143 P.A. of 1993. Any vehicles which are equipped with or contain these devices will qualify for a reduction in the automobile's comprehensive insurance premium. The amount of the specific reduction for each category will be determined by each insurance company, and insurers may choose to provide a greater discount on vehicles which have devices from two or more categories.

Two categories of effectiveness in preventing vehicle theft have been identified, as well as one category for systems which assist in the recovery of the vehicle if it is stolen. Proper use of the systems described in categories one and two will respectively provide an optimum level and a minimum level of theft deterrence. A vehicle properly equipped with a recovery device will enhance efforts to recover the vehicle.

CATEGORY ONE - PASSIVE SYSTEMS PROVIDING OPTIMUM LEVEL OF SECURITY

The systems in this category will provide the optimum level of deterrence. To qualify for a discount, the vehicle must be equipped with at least one passive device (e.g., the device is activated automatically when the vehicle's ignition key is removed).

- A passive alarm system which has a backup battery and meets or exceeds criteria established in Category Two.

- Passive disabling devices which prevent the vehicle's steering, transmission/transaxle, fuel, ignition or starting systems from operating, and devices which prevent the vehicle's braking system from releasing.

- A passive time delay ignition system which allows the vehicle to be started only after a preset delay or delayed ignition cut-off system which disables the vehicle at a preset engine speed.

- A passive vehicle entry/ignition key system.

CATEGORY TWO - ACTIVE SYSTEMS PROVIDING A MINIMUM LEVEL OF SECURITY

Any of the systems in this category will provide at least a minimum level of deterrence. To qualify for a discount, the vehicle must be equipped with at least one of these listed devices (which must be manually activated by the vehicle owner prior to leaving the vehicle). An insurer may choose to offer an increased discount if the vehicle has two or more of these devices.

- Alarm only devices – activated by a door, hood, or trunk being opened or by motion inside the vehicle – which sound an audible alarm that can be heard at a distance of at least 300 feet for a minimum of three minutes.

- Manually activated disabling devices which prevent the vehicle's steering, transmission/ transaxle, fuel, ignition or starting systems from operating, and devices which prevent the vehicle's braking system from releasing.

- Etching of 17-digit VIN on the windshield, rear window glass, and both front door windows.

<u>CATEGORY THREE</u> - SYSTEMS WHICH ASSIST IN VEHICLE RECOVERY

The systems in this category enhance the effort to recover the vehicle after it is stolen.

- A device which, when activated, emits an electronic signal that can be tracked by either a law enforcement agency or by a private monitoring station, which relays the information on the vehicle's location to law enforcement officers.

Source: ATPA

For additional information, please contact:

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Michigan State Police
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